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E.O. 12958: N/A

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SUBJECT: GUIDANCE: NOVEMBER 5 UNDEF ADVISORY BOARD MEETING

¶1. (U) This is an action request with guidance for USUN to participate in the November 5 Advisory Board meeting for the UN Democracy Fund. Please see para 4 for action requested.

¶2. (U) The agenda calls for discussion of: a) briefing on the status of project implementation from the first round of funding; b) discussion of the newly proposed "UNDEF Action Plan"; c) second round of funding and newly proposed assessment framework paper; d) issues concerning the advisory board; and e) a Benin proposal to use UNDEF money to fund its conference on "Democratic Alternation".

¶3. (SBU) The U.S. has high expectations for UNDEF and was generally pleased in its accomplishments over the past year. We remain concerned about several important outstanding issues, however, including how UNDEF plans to improve fund disbursement and to monitor and evaluate program implementation. We also remain very concerned about the efforts of some on the Advisory Board to connect project approval with government consent, particularly those of Qatar and, it appears now, also India. Such a decision would undermine UNDEF's very purpose. Questions also remain as to the relationship between UNDP and UNDEF. We oppose the notion that UNDP should essentially manage UNDEF's grant making at the country level, especially given reports from our Embassies that such a relationship amounts to more work for the grantee and the presumption, in some cases, that programs need the consent of the host government.

¶4. (U) Action Request:

USUN is requested to raise the points included in paras 5 - 10, as appropriate, during the various portions of the meeting. As feasible, Mission is requested to informally consult with other Board Members to seek their agreement, before the agenda items come up for discussion. Department recognizes Board meetings often do not go into points in depth. If there is an opportunity to make these points at the Board meeting, Department strongly encourages it. Where that is not the case, the Department requests USUN use this guidance in subsequent meetings and consultations at the experts level with Board Members, with appreciation for USUN's continued follow-up.

¶5. (SBU/NF) Status of Project Implementation From the First Round of Funding:

-- We are pleased to note that only one project is pending final approval but question why it has taken this long to get here, and what is holding up the disbursement of funds for the final program.

-- We remain concerned by reports from our Embassies this Spring on problems with funding disbursement. Some of our Embassies reported problems such as the local UNDP office making applicants go through a secondary application process, resulting in further delaying of project implementation.

-- We would appreciate an aggregated assessment of project success be shared with the Board on a regular basis. The individual accounts by program are quite helpful but do not allow us to easily understand the Fund's progress as a whole.

16. (SBU) Assessment Framework Proposal - Criteria for Evaluation of UNDEF Proposals:

UNDEF has proposed 8 program evaluation criteria in the next call for proposals. UNDEF suggests that neither the assessment criteria nor the reviewers responses be available in the public domain. The Department agrees that assessment criteria should be developed and applied during the review of UNDEF proposals, but we have several concerns about the UNDEF draft:

-- Under Section 2, "Comparative Advantage", there is a suggestion that a project should be in line with other UN activities in a given country. While it is important to ensure that the proposals funded by UNDEF do not duplicate the work of other projects, and we agree that successful projects should be complementary to other programs in a given country, we do not believe that a project necessarily must be linked to UN activities in a given country.

-- Under Section 2, "Comparative Advantage", there is a suggestion that a proposal should be "particularly appropriate for United Nations involvement" (under section 2, "Comparative Advantage"). The "appropriateness" of a project is already considered under the first assessment criteria, which focuses on whether or not the project meets the objectives of UNDEF, and whether or not it is in line with the UN strategic priorities and values. There is no need for the additional "appropriateness" criteria in the "Comparative Advantage" section, further, the notion is far too vague. "Appropriate-ness" could be interpreted by some to mean that a project should be approved by the government of the country concerned - an idea to which we strongly object.

-- Under section 4, "Inclusiveness", there is a suggestion to include the degree to which the project will assist all segments of society. We suggest that the interpretation of this point be broad enough to allow for programs that may focus specifically on improving the situation of a given group (such as women or girls).

-- Under section 7, "Track Record": While we agree that it is important to look at the background and history of a given organization, it is important to interpret such criteria to allow for proposals from new and nascent organizations with promise. Further, we emphasize that the Fund must use objective sources to provide this material, and must not rely on the government of a given country for information.

17. (SBU/NF) Second Round of Funding:

-- We request UNDEF develop a communications strategy to assure that potential applicants understand that government approval is not required and that they can compete even if they are not favorites of the regime in power. We note that NGOs from Russia, Egypt, Uzbekistan, Zimbabwe and Venezuela have all stated that it was their perception that only proposals from government-supported NGOs or those proposals specifically approved by the host government were to be funded. Apparently UN representatives in country had told them that projects that did not have the blessing of the host government would not be given consideration; this is unacceptable and must be addressed before the next round of grants is announced.

-- Results based funding - The UNDEF Project Proposal guidelines state that funding would be disbursed incrementally based on evidence of results. However, in some cases over the past year the entire grant was released to the grantee, or the decision was left to the local UNDP office to distribute funds as they saw fit. We would prefer the next round of grants to have this results-based component.

-- We request further clarification on the relationship between UNDP and UNDEF. While we understand the advantage to using systems already in place to manage funds, we do not believe that UNDP should be the defacto UNDEF representative, particularly given concerns expressed by our Embassies that UNDP officials in some cases work too closely with the host government to be able to administer a truly independent fund. When developing a strategy to better implement funding, we need to be very clear that the Fund remains independent of governments and that no additional obligations or reporting requirements are placed on the recipients.

-- Reduce Number of Thematic Areas - (Note - there is some question as to whether or not this issue will be addressed. The Plan of Action indicates that the Advisory Board is to discuss this issue, while the meeting minutes from the experts meeting indicates that the Advisory Board has already decided not to change the themes. Department requests USUN clarify. End Note.)

-- We can support the UNDEF recommendation to reduce the number of themes, and refine the eligible activities so as to complement not duplicate existing UN activities. For instance, UNDEF has indicated in the past that there is sufficient funding within the UN system and from other sources to fund integrity/transparency initiatives. We would support the elimination of this theme in favor of a focus on the building blocks of democracy (voter education, media freedom, etc...)

18. (SBU/NF) Advisory Board Options:

France (and Germany) would like to expand the Advisory Board. France recently proposed that the Advisory Board be expanded to include the top 12 donors, rather than the top six. (Note: there are 17 members of the Advisory Board in total, 2 NGO representatives, 5 Member States who represent their regional group, 3 experts, 1 ex-officio, and 6 top donors. End Note) France suggests that among the reasons to do so is that more countries will be likely to donate if there is a better chance they can be guaranteed a seat on the Advisory Board. Per USUN reporting, Australia, Japan and India are not inclined to expand the Board at this time.

-- We do not see sufficient reason to expand the Advisory Board, or to change the terms of reference. We are not convinced by the argument that a larger Advisory Board is necessary to ensure continued donor support. The UN Central Emergency Response Fund (CERF) has amassed donations of approximately \$300 million dollars of voluntary contributions in 2006 with only a twelve person board.

-- We are also not convinced by the argument that the current practice of determining the major contributors on a cumulative basis was appropriate in the first years of the Fund, and (by implication) may no longer be appropriate now. The Fund is still in its first years - we have not yet even seen the full disbursement of all first year projects.

19. (SBU) Benin's Proposal for UNDEF to fund an international conference:

-- UNDEF should fund projects that are working to strengthen democracy in a given country and should not support international conferences. The UN is awash with support for conferences already. Further, however laudable an idea might be, it would set a troubling precedent (and could result in charges of favoritism) for the advisory board to fund an initiative of one of its own members. This is not to say

that there should not be UNDEF projects in Advisory Board Member states (indeed some U.S.-based NGOs received first round grants for overseas projects).

¶10. (U) Other Items:

-- We renew our request for quarterly updates on the financial status of projects. Regular updates to New York missions on the progress of the Fund and the disbursement of grant monies is important - and allows us to easily point to UNDEF's successes when asked. Updates can be electronic.

¶11. Department requests Mission's assistance with this matter.
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